



MINUTES
Economic Development Authority
April 21, 2020

CALL TO ORDER

The Economic Development Authority meeting was called to order at 5:00 pm.

Present: Chair: Jahn Dyvik (telephonic); Vice Chair: Lori Goodsell (telephonic); Board: Tim Hultmann (telephonic), Michelle Jerde (telephonic), Tom Skjaret (telephonic), Deirdre Kvale (telephonic), and Charlie Miner (telephonic)

Staff Present: City Administrator/Executive Director: Scott Weske (in person); City Attorney: John Thames (telephonic)

Absent: None

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Board member Kvale, seconded by Board member Miner, to approve the agenda.

Roll Call Vote: Ayes: all.

CONSENT AGENDA

Approve Minutes of March 24, 2020 Economic Development Authority Meeting

A motion was made by Board member Jerde, seconded by Board member Skjaret, to approve the minutes of the March 24, 2020 EDA meeting as presented. Ayes: all by roll call.

OPEN CORRESPONDENCE

None.

BUSINESS ITEMS

Public Hearing: Proposed Sale of City-Owned Virginia Avenue Property to Lifestyle Communities, LLC

A motion was made by Skjaret, to table the public hearing regarding the City-Owned Virginia Avenue property for 90 days.

Board member Kvale asked if this was because of the pandemic.

Board member Skjaret stated that is part of the reason and the other is he feels, even though there is technology available, this should be something that is done in a face to face meeting where the public has a chance to speak without having to have technical skills to use technology.

Board member Kvale stated that she agrees that this could give the appearance of trying to push something through.

Kvale seconded the motion.

The EDA discussed technology, the effects of the pandemic on the economy and whether new construction projects will be viable.

Board member Jerde noted that there was a comment on the Zoom chat from Evan asking if non-EDA members can make comments.

Executive Director Weske noted that the scheduled public hearing has not been opened up for comment, but the Chair could determine whether he would allow comments or not.

Chair Dyvik stated that he is open to hearing comments from outside of the EDA and would also like to hear what Ben Landhauser of Lifestyle Communities has to say.

Evan Thunell, Virginia Avenue resident, stated that there have been monthly meetings for the last two years about this project and plenty of opportunities for people to come in and voice their opinions. He commented that he would question why there is a need to push things out another three months, and emphasized that he does not think the technology issue is limiting.

Marty Schneider, 1176 West Wayzata Boulevard, stated that he would concur with Board members Skjaret and Kvale. He indicated that he feels it is not about technical capabilities, but how this looks to the public and shared some brief details surrounding past situations with this property and transparency.

Dan Crear, property owner on Virginia Avenue, stated that he agrees with Mr. Thunnell and expressed his frustration with the continuing delays.

Board member Skjaret expressed his confusion on why a vote wasn't being taken on the motion. He stated that the people that will make the decision are the EDA members.

Board member Miner stated that he sees two different issues, the first is the public hearing aspect and whether there is enough involvement from the public by holding it in this manner; and the second aspect is the financial viability of the project because of COVID-19. He commented that he thinks there is a pretty good representation of the community showing up for the meetings even taking place electronically and there have been comments e-mailed into Executive Director Weske. He stated he has is not in favor of delaying this item any further.

Chair Dyvik asked if there were any additional comments from EDA members before a vote is taken.

Board member Kvale stated that she believes that this won't look good if it is approved during a pandemic because people are not focusing on what is happening at the City, but on their daily needs.

Roll Call Vote:

<i>Board member Kvale</i>	<i>Aye</i>
<i>Board member Goodsell</i>	<i>Nay</i>
<i>Board member Jerde</i>	<i>Aye</i>
<i>Board member Hultmann</i>	<i>Nay</i>
<i>Board member Miner</i>	<i>Nay</i>
<i>Board member Skjaret</i>	<i>Aye</i>

Chair Dyvik

Nay

Motion failed.

City Attorney Thames presented information to the EDA regarding the Purchase Agreement, financing and the proposed Virginia Avenue project.

A motion was made by Skjaret, seconded by Goodsell, to open the public hearing for comment at 5:38 pm.

Roll Call Vote:

<i>Board member Kvale</i>	<i>Abstain</i>
<i>Board member Goodsell</i>	<i>Aye</i>
<i>Board member Jerde</i>	<i>Aye</i>
<i>Board member Hultmann</i>	<i>Aye</i>
<i>Board member Miner</i>	<i>Aye</i>
<i>Board member Skjaret</i>	<i>Aye</i>
<i>Chair Dyvik</i>	<i>Aye</i>

Motion carried.

Ben Landhauser, Lifestyle Communities, stated that he understands the comments from both residents and the EDA that have been shared tonight. He explained that they still see this project as a viable project but in order to go through their due diligence process, they need the City and the EDA to step forward and approve the purchase agreement. He indicated that without being able to approach the property owners in this area, this proposal is just a concept. He noted that the letter they have provided regarding their financial viability was written by their mortgage company during the pandemic. He reiterated that they are very interested in moving forward on this project and are open to working with Trinity Vincent.

The EDA discussed when the current agreements and contract extensions with Halley Land Corporation on the area properties will expire, and made mention of the one homeowner that is currently not interested in participating in this project.

Weske read aloud the e-mail communications he had received regarding this project.

City Attorney Thames answered questions that were raised in the e-mail communications.

Dan Crear, Virginia Avenue, stated that there have been questions about the viability of the project due to the COVID-19 virus. He indicated that he feels this isn't a real estate collapse, but an event and the real estate market still has an incredible shortage of houses. He reminded the EDA that the City of Long Lake started this process 20 years ago and the only thing that has happened is that City Hall was built. He pointed out that this process is holding up people in the area from selling their properties, and expressed his frustration with the continuing delays in getting a project to move forward. He stated that with Executive Director Weske's permission, he had contacted all the residents along Virginia Avenue to find out what they wanted so that there was a consensus for the City. He asked the EDA to stop delaying things and do something.

Marty Schneider, 1176 West Wayzata Boulevard, stated that his concern is that nobody knows what things will look like in three months or six months because of the COVID-19 pandemic. He said that he is not arguing against the project, but arguing for the tightest of controls. He gave some history of when his wife was the Mayor in 2000 and stated that, in his opinion, it was not the City who has let Mr. Crear down, but MnDOT. He commented that if this project goes forward, he asks that the

EDA and the legal counsel ensure that all contingencies are covered and if Lifestyle Communities is not able to construct the project that the City will retain control of the property.

Chair Dyvik stated that protecting the City's interests are also important to him. He noted that he has appreciated the work City Attorney Thames has put in to protect the City's interests.

Sue Hitchings, Virginia Avenue resident, stated that this process has been dragged out. She asked why the City didn't just buy the properties from the area residents and let them leave, so the City can do what they want in the area without holding them hostage. She said that she is tired of this whole situation and has considered contacting local news outlets to fill them in on how this has been drug out by the City. She emphasized that she wants the City to let this go through because it has taken too long.

Laura Thunnell, Virginia Avenue resident, stated that she would like to piggy back on what Ms. Hitchings said. She voiced that she respects the City's interests but at some point, the homeowners have to know what their options are. She commented that every time this gets delayed and they cannot sell their house, it removes their options as they cannot, in good faith, list their house. She stated they are stuck because they cannot look at houses or make plans because they do not know how long this is going to last. She commented that it feels like the homeowners are not empowered to do anything except wait and wait. She also feels this has affected schooling for their children in addition to their finances. She reiterated her frustration with the continued delays and how it has affected the homeowners on Virginia Avenue.

Board member Kvale asked questions about language in the purchase agreement.

City Attorney Thames gave an overview of the purchase agreement and answered Board member Kvale's questions. He noted that the pre-sale costs will belong to the City and once the development phase is entered, they will belong to the developer. He gave an overview of the language changes that have been made to the draft purchase agreement.

Chair Dyvik noted that at one of the last meetings, he had asked Mr. Landhauser about the schedule and how realistic it was, and his answer at the time was there was a possibility of each of the milestone dates slipping by a month or so. He asked if that answer was still accurate in light of what is going on with COVID-19.

Mr. Landhauser stated that in terms of going through the due diligence period, trying to get the project scope approved by the City and being wrapped up by October is still an attainable goal. He noted that he had submitted an updated overall schedule to the EDA with the information based on a conversation that he had with Mike Halley and Trinity Vincent.

City Attorney Thames reviewed the language surrounding closing being within 30 days of the due diligence period. He explained that this is a maximum date, no deadlines are being extended and Lifestyle will still have 180 days to do due diligence and 120 days to complete a development agreement with the City.

Chair Dyvik stated that he supports the changes recommended in the purchase agreement language as presented by City Attorney Thames.

Board member Hultmann stated that at a previous meeting, he had asked if the City could do the work that needed to be done to confirm that this project would be able to get the TIF money they want by June. He asked if there was a way to get preliminary finance information regarding TIF before this process is completed.

City Attorney Thames stated that he believes that as soon as there is approval on a purchase agreement, the EDA can authorize Executive Director Weske to get in touch with Ehlers and begin the TIF analysis right away.

Mr. Landhauser stated that in order to identify a TIF request for an application, there will need to be an inspection of the homes. He noted that they will take all the necessary COVID-19 precautions regarding social distancing, but will need access to the properties.

Mr. Schneider thanked the EDA for their thoughtfulness and attentiveness.

There were no additional public comments.

A motion was made by Jerde, seconded by Skjaret, to close the public hearing at 6:19 pm. Ayes: all by roll call.

A motion was made by Miner, seconded by Hultmann, to approve the sale of City-owned property on Virginia Avenue, with amendments as presented by the City Attorney.

Board member Kvale stated that she plans to abstain from this vote because she feels conducting business in this format may appear underhanded.

Board member Skjaret stated that this project does not meet his vision of what this property should be. He agreed that the State did not treat the Virginia Avenues residents very well 20 years ago. He noted that he does not think it is really the City's responsibility to correct that, but nonetheless feels it has done everything it could. He stated that he does not think this project is what will best serve the entire community.

Roll Call Vote:

<i>Board member Kvale</i>	<i>Abstain</i>
<i>Board member Goodsell</i>	<i>Aye</i>
<i>Board member Jerde</i>	<i>Aye</i>
<i>Board member Hultmann</i>	<i>Aye</i>
<i>Board member Miner</i>	<i>Aye</i>
<i>Board member Skjaret</i>	<i>Nay</i>
<i>Chair Dyvik</i>	<i>Aye</i>

Motion carried.

OTHER BUSINESS

PPE Loan Program - Board Member Goodsell shared some information on the PPE loan program and how it has been distributed in the community. She explained that the Lake Community Bank and bank President Brian Peters have come to the rescue of the small businesses in the area, and she expressed her appreciation to Mr. Peters.

ADJOURN

A motion was made by Hultmann, seconded by Jerde, to adjourn the meeting at 6:31 pm. Ayes: all by roll call.

Respectfully submitted,
Scott Weske, Executive Director